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ELECTRIC & GAS REGULATION

September 4, 2008

Mr. Charles L.A. Terreni  
Chief Clerk/Administrator  
Public Service Commission of South Carolina  
101 Executive Center Dr., Suite 100  
Columbia, SC 29210

Re: Application for Entering into Loan Agreement for Industrial Revenue Bonds and for  
Issuance and Deposit of First Mortgage Bonds  
Docket No. 2008-324-E

Dear Mr. Terreni:

South Carolina Electric & Gas Company ("the Company") has requested authority to issue debt in the amount of \$35,000,000, to help finance the installation of Pollution Control Facilities, "wet scrubbers," at the Wateree Generating Station. The proposed debt, in the form of Industrial Revenue Bonds, is flexibly structured so that interest rates on the bonds may be reset to take advantage of conditions in the financial market. The Company has the option of locking in a rate after a reset but can still use interest-rate swaps to maintain interest-rate flexibility without affecting the bonds. The South Carolina Jobs-Economic Development Authority ("JEDA") will issue the bonds and the proceeds will go the Company free of State and Federal taxes.

ORS believes that the cap on the interest rate at initial issuance should be lower than the 7%, certainly no higher than 6.75%. With this qualification and based on its review, ORS has no objection to SCE&G's request.

Sincerely,



John W. Flitter

JWF/dhc

cc: Dan F. Arnett, Chief of Staff, SC ORS  
Nanette Edwards, Chief Counsel, SC ORS  
Shannon Bowyer Hudson, Counsel, SC ORS  
Kenneth Jackson, V.P., SCANA  
Chad Burgess, Counsel, SCE&G  
Dr. James Spearman, Executive Assistant to SCPSC

